

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Certified Stress
Analysts Board
Department of Public
Safety and Corrections
State of Louisiana
Baton Rouge, Louisiana

April 28, 1999

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Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of December 31, 1996, and for the Years
Ended December 31, 1996 and 1997**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

April 28, 1999

**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CONNECTIONS
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of December 31, 1996, and for the Years
Ended December 31, 1996 and 1997

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DANIEL G. KYLE, CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
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March 15, 1999

Independent Auditor's Report
on the Financial Statements

**LOUISIANA CERTIFIED STRESS
ANALYST BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the accompanying general purpose financial statements of the Louisiana Certified Stress Analysts Board, a component unit of the State of Louisiana, as of December 31, 1998, and for the years ended December 31, 1998 and 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of the Louisiana Certified Stress Analysts Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Certified Stress Analysts Board as of December 31, 1998, and the results of operations for the years ended December 31, 1998 and 1997 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 1999, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

KWF:JR:ROL:aa
3/15/99

LOUISIANA CERTIFIED STRESS
 ANALYSTS BOARD
 DEPARTMENT OF PUBLIC
 SAFETY AND CORRECTIONS
 STATE OF LOUISIANA
 GOVERNMENTAL FUND - GENERAL FUND

Balance Sheet, December 31, 1998

ASSETS

Cash (note 2)	<u>\$666</u>
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LIABILITIES AND FUND EQUITY

Liabilities - deferred revenues	\$350
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Fund Equity - fund balance - unreserved - undesignated	<u>340</u>
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TOTAL LIABILITIES AND FUND EQUITY	<u>\$666</u>
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The accompanying notes are an integral part of this statement.

LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Years Ended December 31, 1996 and 1997

	1996	1997
REVENUES		
Licenses, fees, fines, and penalties	\$3,005	\$3,960
EXPENDITURES		
Public safety - other protection - examination of licensed occupations:		
Travel and other charges	4,130	5,750
Materials and supplies	228	276
Total expenditures	4,358	6,026
EXCESS OF EXPENDITURES OVER REVENUES	(1,353)	(2,076)
FUND BALANCE AT BEGINNING OF YEAR	1,679	4,367
FUND BALANCE AT END OF YEAR	\$340	\$1,679

The accompanying notes are an integral part of this statement.

**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA**

Notes to the Financial Statements
*As of December 31, 1998, and for the Years
Ended December 31, 1999 and 1997*

INTRODUCTION

The Louisiana Certified Stress Analysts Board is a component unit of the State of Louisiana created within the Louisiana Department of Public Safety and Corrections, as provided by Louisiana Revised Statute (R.S.) 37:2895. The board is composed of five members who are citizens of the United States, residents of Louisiana for at least two years before appointment, and are actively engaged as certified stress analysts. The board members are appointed by the governor and are subject to Senate confirmation. The board regulates all persons who purport to be able to detect deception or to verify truth of statements through the use of emotional stress detectors. The board does not have any employees. As of December 31, 1998, there are 57 licensed professional analysts in the state.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying financial statements present information only as to the transactions of the programs of the Louisiana Certified Stress Analysts Board, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

C. FUND ACCOUNTING

The board uses a fund (General Fund) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The General Fund is classified as a governmental fund and is the general operating fund of the board and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of this fund presents increases and decreases in net current assets. The General Fund uses the modified accrual basis of accounting.

The board uses the following practices in recording revenues and expenditures in the General Fund:

Revenues

Application and license fees, renewals, examination fees, registration of supervision fees, and re-insurance fees for lost or destroyed licenses are recorded in the year they are earned, which approximates when measurable and available. Licenses must be renewed annually by January 1 or become lapsed. A lapsed license may be renewed upon payment of all fees in arrears and presentation of evidence of completion of the continuing education requirement.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

E. BUDGET PRACTICES

Annually, the board is required to prepare and submit a budget to Louisiana Department of Public Safety and Corrections as prescribed by R.S. 32:1331-1342. The board did not prepare and submit a budget for fiscal years 1998 and 1999.

F. CASH

Cash is comprised of demand deposits. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

2. CASH

At December 31, 1998, the board has cash (bank balances) totaling \$699 in a noninterest-bearing demand account.

These deposits are insured at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 1998, the board has deposit balances of \$697, which are fully secured from risk by federal deposit insurance (GAOIG Category 1).

3. GENERAL FIXED ASSETS

The Louisiana Certified Stress Analysts Board has no general fixed assets.

4. LONG-TERM OBLIGATIONS

The Louisiana Certified Stress Analysts Board has no long-term obligations.

5. LEASE OBLIGATIONS

The Louisiana Certified Stress Analysts Board has no capital leases or operating leases for office space at December 31, 1998.

6. LITIGATION AND CLAIMS

There is no pending litigation or claims against the board at December 31, 1998.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



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March 15, 1999

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements
Performed in Accordance with Government Auditing Standards

LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Certified Stress Analysts Board, a component unit of the State of Louisiana, as of December 31, 1998, and for the years ended December 31, 1996 and 1997, and have issued our report thereon dated March 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Certified Stress Analysts Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under Government Auditing Standards:

Failure to Prepare Budget

For fiscal years ended June 30, 1996, and June 30, 1997, the Louisiana Certified Stress Analysts Board did not prepare an annual budget as required by Louisiana law. Louisiana Revised Statutes (R.S.) 30:1331-1342 require that each licensing agency prepare an annual comprehensive budget presenting a complete financial plan. This budget should be submitted to the Joint Legislative Committee on the Budget, the Legislative Auditor, and the Legislative Fiscal Office.

**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA**

Compliance and Internal Control Report
March 16, 1999
Page 2

The Louisiana Certified Stress Analysts Board should comply with state law by preparing and submitting annual budgets to the appropriate state officials. Management concurred with the finding and recommendation and indicated that corrective action will be taken (see Appendix A, page 1).

In planning and performing our audit, we considered the Louisiana Certified Stress Analysts Board's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We noted that the board's limited number of employees precludes the segregation of duties and other features of an adequate system of internal control over financial reporting, although to employ such controls may not be cost beneficial. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We consider the following matter and the matter relating to the inadequate segregation of duties to be reportable conditions.

Lack of Supporting Documentation

For the second consecutive audit, the Louisiana Certified Stress Analysts Board did not have adequate supporting documentation for expenditures and did not reimburse travel expenses at the rates required by state travel regulations, Policy and Procedures Memorandum (PPM) 46. Good internal controls require that proper supporting documentation be provided for all expenditures.

In an examination of 80 expenditure transactions, the following deficiencies were noted:

- Proper documentation was not provided for 10 (11%) of the expenditure transactions totaling \$1,120.
- Nine (10%) of the travel expense transactions for lodging reimbursement exceeded the lodging rate allowed by state travel regulations. The board allowed lodging reimbursements totaling \$122 in excess of the \$55 allowed by PPM 46 for the Baton Rouge and Monroe areas.

**LOUISIANA CERTIFIED STRESS
ANALYSTS BOARD
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA
Compliance and Internal Control Report
March 15, 1999
Page 3**

Without adequate supporting documentation for expenditures, management does not have the assurance that proper amounts are being paid. In addition, reimbursements for travel expenses in excess of allowed rates results in noncompliance with PPM 45.

The Louisiana Certified Stress Analysts Board should ensure that all expenditures are evidenced by proper supporting documentation and should comply with state travel regulations. Management concurred with the finding and recommendation and indicated that corrective action will be taken (see Appendix A, page 1).

Untimely Bank Deposits and Reconciliations

For the second consecutive audit, the Louisiana Certified Stress Analysts Board did not deposit cash collections timely and did not reconcile its bank account timely. Good internal controls require that cash receipts be deposited timely, preferably the same day or the first day following receipt of funds, and that reconciliation of all bank accounts be prepared timely, preferably at the time monthly bank statements are received. Bank reconciliations provide management with a basis to ensure that all transactions that affect both the bank account and books are in agreement and no errors or fraud have occurred.

Of 124 individual cash receipts tested by us for the two years ended December 31, 1998, a total of 109 (88%) individual cash receipts were deposited from 3 to 125 days after the date cash was received, and no reconciliation was performed on the bank account. Failure to deposit funds timely and to reconcile the bank account timely could lead to the misappropriation of state funds, loss of interest earnings, and increased risk that errors or fraud could occur and not be detected.

The Louisiana Certified Stress Analysts Board should deposit cash collections and reconcile its bank account timely. Management concurred with the finding and recommendation and indicated that corrective action has been taken (see Appendix A, page 1).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be

LEGISLATIVE AUDITOR

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DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA

Compliance and Internal Control Report

March 15, 1999

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reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe that the reportable conditions relating to the inadequate segregation of duties and the lack of supporting documentation described previously are material weaknesses.

This report is intended for the information and use of the board and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

BOF-JR-RCI-122

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Appendix A

Management's Corrective Action Plan and Response to the Findings and Recommendations



State of Louisiana
Department of Public Safety and Corrections
Certified Stress Analysts Board

Harold Clark, Jr., Secretary

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New Orleans, LA 70187

Telephone (504) 241-6947

15-MARCH-1993

DR. DANIEL KYLE, CPA
LEGISLATIVE AUDITOR
P. O. BOX 9-6307
BATON ROUGE, LA. 70804

SIR,

AS PER THE RESULTS OF OUR MOST CURRENT AUDIT:

A. UNTIMELY BANK DEPOSIT AND RECONCILIATIONS.
I CONCUR WITH FINDINGS AND RECOMMENDATIONS. CORRECTIVE ACTION HAS BEEN TAKEN.

B. LACK OF SUPPORTING DOCUMENTATION.
I CONCUR WITH FINDINGS AND RECOMMENDATIONS. CORRECTIVE ACTION WILL BE TAKEN.

C. BUDGET PRACTICES.
I CONCUR AND WILL COMPLY WITH THE RECOMMENDATION OF SUBMITTING A BUDGET FROM THIS POINT FORWARD.

THE EFFICIENCY AND PROFICIENCY OF YOUR NEW ORLEANS AREA OFFICE IS EXTREMELY LAUDABLE.




HAROLD L. CLARK, JR., MCA, CPA.
SECRETARY.